

Business demography, job flows and productivity in enterprise sector in Poland

Wojciech Rogowski, Jacek Socha[∞]

Abstract

The purpose of the paper was analyse of dynamism of enterprise sector in a transition economy. The authors have used three indexes to show structural changes which occurred in Poland after communism collapsed. Firstly the firms entry and exit rates show enormous eruption of entrepreneurship at the beginning of transformation processes. Next this process was followed by a downward trend at the beginning of the 21st century as the Polish economy converged to mature one, the member state of the European Union. Firms entry and exit rates in manufacturing seem quite high, they are higher than in several developing countries for which comparable studies reviewed. The high turnover reflects underlying productivity differentials in identifying cohorts of firms shows that selection and learning effects was present.

The job flows presents how deep the restructurisation processes in enterprises must have been to prepare firms for competing on EU markets. The reallocation rate calculated in our study was close to the values observed in highly developed countries but it exceeded the reallocation rate recorded in stable West European countries (e.g. Austria, Germany) which is in line with findings Faggio, Konings [2001]. Observed negative net job creation rate shows that establishments in Poland implemented large employment restructuring in the analysed period.

The methodology of calculation entry and exit rates in the study was based on Dunne et al. [1988] (demography of enterprises) and job flows rates methods followed Davis et al. [1996] study. Finally we have investigated also the structure of productivity growth using the same method as Foster et al. [1998]. How important was impact of new (usually private owned) enterprises, how state-owned dinosaur's enterprises managed in new competitive environment?

[∞] both authors: National Bank of Poland, Macroeconomic and Structural Analyses Department, Warsaw, Poland; Wojciech.Rogowski@mail.nbp.pl; Jacek.Socha@mail.nbp.pl; The views expressed herein are those of the authors and not necessary those of National Bank of Poland.

The chief shortcomings of the research on business demography in Poland and in other transition economies are the quality and availability of data sets. Our study was done on unique sets of firm level data from enterprise sector in Poland. Although the dataset did not cover all firms but it seems that, given its size (more than 15 000 units per year) and time coverage (ten years), the set may be well basis for conducting methodologically appropriate calculations.

JEL classification: D21; J23, D24

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